SURAKSHA AUR BHAROSA DONO

# TRADE CREDIT INSURANCE – BANK
## POLICY WORDING

## 1. OPERATIVE CLAUSE

This Policy is issued by SBI General Insurance Company Limited (hereinafter referred to as `the Company') to the Proposer (hereinafter referred to as `the Insured') named in the Schedule attached herewith.

Whereas the Insured has made a written proposal and declaration (`the Proposal') on the date specified in the Schedule attached herewith and has paid the premium stated in the Schedule towards `Provisional Premium'.

Now, therefore, in consideration of the said provisional premium paid by the Insured and any further premium that may become payable under the Policy, the Company hereby agrees to indemnify the Insured in accordance with the terms and subject to the warranties, conditions, obligations, exclusions, definitions and limits thereof, up to the Maximum Liability for Insured Percentage of the Insured Loss which may be sustained by the Insured, due to the non-payment of bills or invoices purchased / discounted / factored, under the Trade Receivables Purchase /Discounting /Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs, in respect of Domestic/Export Sales made by the Seller, during the Policy Period due to the following causes (hereinafter referred to as `Insured Risks').

## 2. INSURED RISKS

**2.1 Insolvency of the Approved Buyer** – the buyer shall be deemed to be insolvent for the purpose of this Policy when :

i) the buyer is declared bankrupt by the competent court of jurisdiction OR

ii) the buyer has made a valid assignment, composition or other arrangement for the benefit of his creditors OR

iii) a Receiver / Administrator / Liquidator has been appointed by the Court to manage his estate OR

iv) an order by the competent Authority has been made for compulsory winding up OR

v) an effective resolution has been passed for voluntary winding up provided that this resolution is not merely for the purpose of reconstruction or amalgamation OR

vi) an arrangement binding on all creditors has been sanctioned by the appropriate Court OR

vii) such conditions exist as are, by any other system of law, substantially equivalent in effect to any of the foregoing conditions.

**2.2 Presumed Insolvency OR Protracted Default by the Approved Buyer**

**i) Domestic Risks**

The failure of the approved buyer to pay to the Insured at the end of the due date (including extensions), the whole or part of the insured debt under the Trade Receivables Purchase /Discounting /Factoring Agreement or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs, relating to the goods / services delivered to and accepted by the approved buyer.

**ii) Export Risks – Political Risk Cover**

The failure of the approved buyer to pay to the Insured at the end of the due date (including extensions), the whole or part of the insured debt under the Trade Receivables Purchase /Discounting /Factoring Agreement or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs, relating to the goods / services delivered to and accepted by the approved buyer.

OR

The failure of the approved buyer to pay to the Insured following an event outside the control of the approved buyer or the Insured, an insured debt which remains unpaid due in any part by reason of expropriation, confiscation, conspiracy, commandeering, piracy, requisition, embargo, exchange controls, nationalisation or destruction of the whole or any part of the assets of the approved buyer by acts of government or any laws or regulations in force in the country that have an effect on the insured debt, or any other action by order of the government, whether lawful or de facto, or any public authority.

**2.3 Contract Cancellation**

The failure or refusal of an approved buyer, to accept delivery before the shipment of goods, manufactured or being manufactured exclusively for the approved buyer in accordance with the terms and conditions of a legally valid Contract of Sale and under the Trade Receivables Purchase /Discounting /Factoring Agreement or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs, or the failure or refusal of an approved buyer to accept delivery of goods of a shipment after it has been despatched in accordance with the terms and conditions of a legally valid Contract of Sale under the Trade Receivables Purchase /Discounting /Factoring Agreement or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs, and the legal title of the goods has not been transferred from the Seller /Insured to the approved buyer, subject to the terms specified in the Schedule of the Policy.

The Company shall indemnify the Insured for the value of the proceeds of goods recovered and kept for the use of the Seller or resold under a legally valid Contract of Sale, subject to the terms of Clause 7.2 of the Policy.

## 3. DEFINITIONS

**3.1 Approved Buyer**

A legal entity on whom a credit limit is approved by the Company or discretionary limit is set by the Insured, as stated in paragraph 5 & 6 of the Policy and includes a legal entity as defined by the MSMED Act, 2006 and amendments thereof under single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs.

An approved buyer will not include the following :

i) any sovereign, state, government, government body or department unless agreed to in writing by the Company

ii) any subsidiary, associate or entity in which the directors, members or employees of the Seller / Insured have financial or management control iii) any buyer on whom the Company has refused a credit limit iv) private individuals.

**3.2 Approved Credit Limit**

Is the maximum amount insured by the Company on an approved buyer and is set at the maximum amount that can be owed by the approved buyer to the Insured at any time during the Policy period.

**3.3 Claims Waiting Period**

The period measured from the due date or the extended due date of the first unpaid invoice after which a claim becomes payable under the Policy and defined in the Schedule of the Policy.

**3.4 Contract of Sale**

The sale agreement between the Seller and the approved buyer wherein the approved buyer agrees to pay in contract currency, the gross invoice value as evidenced by a negotiable debt instrument (eg promissory note, demand draft, bill of exchange) or open account documents (purchase order, invoice, shipping documents)

**3.5 Credit Period**

The credit period mentioned in the Schedule of the Policy.

**3.6 Date of Insured Loss**

In the event of insolvency, the date of Insured Loss shall be the date on which an order has been passed by the Competent Authority or a settlement has been arrived at, by the valid creditors. In the event of protracted default, the date of Insured Loss is the due date or the extended due date on which a scheduled payment should have been made by the approved buyer to the Insured, in accordance with the terms and conditions of the Trade Receivables Purchase/Discounting /Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs

**3.7 Deductibles**

**a) Each and Every Loss / Excess**

The first portion of each and every Insured Loss that shall be borne by the Insured. The Company shall deduct the amount of the each and every loss /excess as specified in the Schedule of the Policy, from the Insured Loss, effective at the date of the Insured Loss.

The each and every loss / excess is applied to an approved buyer, for each and every Insured Loss notified by the Insured, and subject to the terms and conditions of the Policy.

**b) Non Qualifying Loss (NQL)**

For an approved buyer, the amount mentioned in the Schedule of the Policy, below which losses do not qualify as Insured Loss, and are to be kept by the Insured for their own account. If an Insured Loss does not exceed the NQL, then such amounts shall be borne by the Insured for its own account and shall not be applied to the deductible.

The NQL is applied to an approved buyer, if the Insured Loss is less than or equal to the NQL and subject to the terms and conditions of the Policy.

**c) Annual Aggregate Deductible (AAD)**

That portion of net debt which will be borne by the Insured at all times, during the Policy period.

**3.8 Discretionary Credit Limit**

The credit limit set out in the Schedule that permits the Insured to set internal credit decisions at its discretion, up to the amount of the discretionary credit limit but not overriding the credit limits approved by the Company, and subject to the conditions in paragraph 6 of the Policy.

**3.9 Disputed Debt**

A disagreement regarding the amount of a debt or the validity of the rights or debts of the Seller / Insured, including any disagreement about setting off sums, the Seller / Insured may owe the approved buyer.

**3.10 Domestic Sales**

Sales made to buyers incorporated locally in India.

**3.11 Due Date**

The date on which the scheduled payment is due in accordance with the terms and conditions of the Trade Receivables Purchase /Discounting /Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs

**3.12 Export Sales**

Sales made to buyers not incorporated locally in India.

**3.13 Estimated Turnover**

The total invoice value of goods to be despatched and services to be rendered under the Trade Receivables Purchase /Discounting /Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs, during the Policy period.

**3.14 Gross Invoice Value**

The invoice value in contract currency of the eligible shipment including insurance, freight or other charges as set out in the invoice but excluding interest, penalties, fines etc.

**3.15 Insurable Turnover**

The total invoice value of insured debt under the Trade Receivables Purchase/ Discounting/ Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs, during the Policy period. Excluded from the insurable turnover are all transactions that do not include any credit risk, all intercompany transactions and all transactions for which cover is refused.

**3.16 Insured Debt**

The amount linked to a receivable and owed under an invoice by an approved buyer under the Trade Receivables Purchase /Discounting /Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting/ factoring, only on invoice discounting eplatforms such as TreDs.

a) The insured debt, receivable and invoice relates to an arrangement for the supply of goods and/or services in the ordinary course of business from a Seller to a approved buyer and is a genuine bonafide arms length trade transaction

b) An insured debt will only arise if the debt is not disputed and the approved buyer has taken delivery of the goods or accepted the provisions of services, except in case of insured debt covered under paragraph 2.3 of the Policy, and includes:

- insurance, packaging, excise duty, sales tax and other

similar charges only if included in the same invoice as the insured goods / services

- expense that the Seller /Insured may incur with a written agreement from the Company in recovering goods after the Insured has made a claim under the Policy
- expenses incurred by the Seller / Insured with a written agreement from the Company in trying to resell goods recovered from an approved buyer on which a claim has been made under the Policy.

c) The date of the Trade Receivables Purchase /Discounting /Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs, and the underlying invoice dates, fall within the Policy period and shall not exceed the maximum terms of payment as specified in the Schedule of the Policy.

d) A debt will not constitute an insured debt if it arises when there is already due from the approved buyer, a debt which has not been paid on the due date or the extended due date of the first unpaid invoice, under the Trade Receivables Purchase /Discounting /Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs.

**3.17 Insured Loss**

a) In the event of insolvency of the approved buyer, that portion of the insured debt which is not in dispute and shall be confirmed by the relevant authority as being owed by the approved buyer to the Insured at the Date of Insured Loss.

b) In the event of protracted default/contract cancellation, that portion of the insured debt less any interim payments and recoveries.

The insured loss shall be calculated after taking into account the deductibles and the Company`s proportion of salvage.

**3.18 Insured Percentage**

The percentage of cover specified in the Schedule which represents the maximum percentage of the net debt payable by the Company.

**3.19 Maximum Credit Period**

The credit period as specified in the Schedule plus the maximum extension period as communicated by the Company in writing

**3.20 Maximum Extension Period**

The Company shall in its sole discretion, grant an extension in excess of the credit period, as mentioned in the Schedule of the Policy.

The Seller shall continue to supply goods and render services to the approved buyer, during the maximum extension period, only with the written approval of the Company.

**3.21 Maximum Liability**

The maximum amount of indemnity payable by the Company during a Policy period. The maximum liability is a multiple of the net premium paid or is the value defined in the Policy Schedule. The Company will have no further liability at all, when the amount of indemnity paid by the Company reaches the maximum liability, under a Policy period.

**3.22 Minimum Premium**

The premium payable on the basis of declarations made by the Insured during the Policy period and specified in the Schedule of the Policy.

**3.23 Net Debt**

The balance of the Insured Loss including:

- The GST / VAT if this tax is covered under the policy
- Any interest payable up to the due date of the invoice
- The packing, transport, insurance costs and any taxes owed by the approved buyer, with the exclusion of any interests for late payment and any penalties or damages

**LESS**

- The amount of any recoveries received by the Seller/ Insured or the Company up to the date of the end of the waiting period.

**3.24 Policy Period**

The period set out in the Schedule, for which cover is given for a maximum period of 12 months.

**3.25 Provisional Claim**

The overdues notified by the Insured to the Company as specified in the Schedule of the Policy, along with relevant documents.

**3.26 Provisional Premium**

The portion of the premium applicable to the estimated turnover of the Insured for a quarter / half year / year, that shall be payable in advance on or before the commencement of the Policy.

**3.27 Sales / Services**

The goods in question have physically passed irretrievably from the control of the Seller into the control of the approved buyer or their agents or when title of the goods has passed to the approved buyer and the approved buyer / its agent has accepted them. The services have been performed and rendered to completion as specified according to the terms specified in the Contract of Sale. The buyer has also have deemed to have accepted delivery of goods if they are sold or disposed of in any manner by the approved buyer while in transit (in accordance to the terms specified in the Contract of Sale).

**3.28 Salvage**

- any monies including dividends paid or payable out of the approved buyer`s insolvent estate
- realisation value of all securities, goods recovered, indemnities and guarantees
- all sums recoverable by means of rights of action, counter claims or set off and/ or other advantages held by the Seller / Insured or otherwise available for the purpose of reducing the amount of any insured debt which remains unpaid on the date of insolvency or protracted default
- all sums recoverable by means of rights of action, counter claims or set off and/or any other advantages held by the Seller / Insured in respect of delivery of goods made or services rendered to an approved buyer after the date of insolvency or protracted default.

**3.29 Schedule**

The Schedule mentions specific conditions which apply in addition to or are an amendment to the standard terms and conditions of the Policy, during the Policy period.

**3.30 Scheduled Payment**

The amount due from an approved buyer in payment of an insured debt, as determined under the under the Trade Receivables Purchase /Discounting /Factoring Agreement between the Insured and Seller, or single invoice covers through bill discounting/factoring, only on invoice discounting e-platforms such as TreDs.

## 4. EXCLUSIONS

The Policy does not cover any loss:

4.1 which is higher than the approved credit limit or the discretionary credit limit.

4.2 which is a disputed debt

4.3 where the Insured has not complied with any terms which may be attached to the credit limit or the discretionary credit limit

4.4 relating to deliveries, shipments or performance of services made after the Company has refused or cancelled a credit limit.

4.5 relating to deliveries, shipments or performance of services made after the maximum credit period.

4.6 any insured debt which remains unpaid due in any part by reason of expropriation, confiscation, conspiracy, commandeering, piracy, requisition, embargo, exchange controls, nationalisation or destruction of the whole or any part of the assets of the approved buyer by acts of government or any laws or regulations in force in the country that have an effect on the goods / services of the insured debt, or any other action by order of the Government, whether lawful or de facto, or any public authority except as is specifically covered in the Political Risks endorsement if attached to the Policy.

4.7 any loss due to a delay in the transfer of funds to India through the banking system or losses resulting from changes in exchange rates/bank charges.

4.8 any payment for goods / services in advance or in cash when or before they are delivered or shipped.

4.9 relating to deliveries, shipments or performance of services made with:

- a buyer on whom a notification of adverse information or overdue account has or should have been given, if the debt remains unpaid
- if a buyer has been declared insolvent

4.10 arising from a failure by the Seller or anyone acting on the Seller`s behalf, to fulfil the obligations under any clause or condition of the Contract of Sale

4.11 Amounts owed by approved buyers and discretionary limit buyers who form part of the Seller /Insured group or related parties or approved buyers and discretionary limit buyers over whom the Seller /Insured has direct or indirect control or in whom the Seller/Insured has a direct or indirect interest or approved buyers and discretionary limit buyers who have a direct or indirect control over the Seller/Insured

4.12 in respect of an insured debt as to which the Seller/Insured has accepted a composition or arrangement with an approved buyer without the prior approval of the Company in writing

4.13 If any rights under the policy including recovery rights have been assigned by the Seller/Insured without prior approval of the Company in writing

4.14 relating to deliveries, shipments or performance of services made without the necessary licence or, more generally, in violation of any applicable law or regulation,

4.15 caused by frauds and acts of dishonesty on the part of the employees of the Seller/Insured

4.16 arising out of sales under special Contracts of Sale, unless specifically covered by the Policy

4.17 arising out of the deliberate, conscious or intentional disregard of the Seller`s/Insured`s credit management procedures and / or the credit procedures set out in the Policy and failure to take all reasonable steps to prevent / recover any loss.

4.18 arising due to non-acceptance of goods by the approved buyer, under paragraph 2.1 and 2.2 of the Policy.

4.19 any actual or alleged antitrust violation, restraint of trade or unfair competition.

4.20 arising directly or indirectly from:

- a nuclear explosion or contamination, whatever its origin
- a war, invasion, act of foreign enemies, civil war, rebellion, revolution, acts of terrorism insurrection, mutiny, civil commotion, military or usurped power, martial law etc.
- sustained on interest for late payment or any penalties or damages
- any actual or alleged antitrust violation, restraint of trade or unfair competition.

## 5. CREDIT LIMITS

5.1 Application for credit limits in respect of each buyer shall be made to the Company by the Insured and the Company will inform the Insured in writing about its decision to accept or refuse the credit limit and the amount of credit limit approved for each buyer and the period of cover.

5.2 The credit limit decision will take effect from the date of commencement of Policy if the credit limit application is received within one month of the commencement of the Policy. For all other applications, the credit limit will be effective from the date mentioned in the credit limit decision.

The Insured cannot apply for a credit limit on a single buyer which is in excess of the maximum liability as specified in the Schedule of the Policy.

5.3 The Company may reduce, cancel or suspend credit limits for any approved buyer at any time and such decisions will be conveyed to the Insured in writing. All insured debt existing at the time of such reduction, cancellation or suspension shall stand covered.

5.4 The credit limit shall stand automatically cancelled:

- when a provisional claim is filed / should have been filed under the policy
- when the approved buyer becomes insolvent
- when there is a change in the legal status of an approved buyer as defined under paragraph 3.1 of the Policy, under single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs.

5.5 The credit limit is a revolving limit and will cease to operate:

i) where there is already due from the approved buyer a debt which has not been paid on the due date or the extended due of the first unpaid invoice.

ii) when the credit limit on the approved buyer has been cancelled as per clause 5.4 of the policy

iii) when the Seller/Insured becomes aware of any adverse information on the approved buyer

iv) when legal proceedings have been instituted against the buyer for insolvency / default in payments

5.6 The Insured must exercise due care in granting credit to buyers, with regard to both amount and the period of credit and must manage all business which is covered under the Policy with the same diligence and prudence as would reasonably be expected to exercise were it not insured. The Seller/Insured must use all reasonable endeavours to preserve its rights against the buyers and any third parties.

## 6. DISCRETIONARY CREDIT LIMIT

6.1 The Insured may set a credit limit up to the amount of the discretionary credit limit without reference to the Company which shall be justified by either:

i) an information report from an independent credit agency dated not more than 12 months from the date of decision of the discretionary credit limit, which supports the amount of credit given. If the report supports a lesser amount, the Company shall be liable to pay only the insured percentage of that amount.

ii) a written report from the buyer`s bankers dated not more than 12 months from the date of decision of the discretionary credit limit, which supports a figure of at least twice the amount of credit given. If the report supports a lesser amount, the Company shall be liable to pay only the insured percentage of half of that amount.

iii) the Seller`s trading experience with the buyer and established over a 12 month period preceding the discretionary credit limit decision. The credit limit given should not exceed 125% of the maximum outstanding debt recorded with the Seller and satisfactorily paid. The trading experience pertains to the buyer paying not later than 30 days after the due date for payment, subject to the payment of a minimum of 3 invoices within the due date of payment.

iv) the credit control procedure of the Insured provided that the credit control procedure has been approved by the Company.

6.2 The Insured must apply for a credit limit as mentioned under clause 5.1 of the policy, if the credit to the approved buyer exceeds the amount of discretionary credit limit

6.3 An approved credit limit and / or a nil credit limit issued by the Company shall override any discretionary credit limit set by the Insured.

6.4 The maximum liability of the Company for a approved buyer under the discretionary credit limit shall be the amount mentioned in the Schedule or the amount of eligible limit as per 6.1 i), ii), iii) or iv) of the Policy, whichever is lower.

## 7. INDEMNIFICATION

**7.1 Claims**

i) the Insured shall give prompt notice to the Company in writing upon the occurrence of a default / delay in payment (whether such amount relates to an insured debt or not) or the discovery of any event or circumstance likely to give rise to a claim under the Policy.

ii) the Insured shall submit to the Company a provisional claim along with supporting documents duly certified by a competent Chartered Accountant, no later than 30 days from the due date (or the extended due date) of the first unpaid invoice of the approved buyer.

iii) the Company will pay the insured percentage of the net debt or of the credit limit if the net debt exceeds the credit limit, after application of deductibles, as specified in the Schedule of the Policy and subject to the maximum liability as specified in the Schedule of the Policy. For the purposes of establishing which debts constitute the Insured Debt, debts owed by a buyer will be taken in the order of the invoice dates up to the amount of the credit limit. If payment is by cheque or bill of exchange, payment is deemed to have been made when the Insured has received the funds.

iv) the Company shall make the claim payment only if the Insured has duly complied with all the terms of the Policy and has sent the Company all written evidence of the debt and the security possibly obtained and, if applicable, of the insolvency of the buyer.

v) In the event that any recoveries are made against the net debt and set off for the claims against the annual aggregate deductible, then such recoveries shall be applied to the annual aggregate deductible and the annual aggregate deductible shall increase by the amount of recoveries made and applied to the annual aggregate deductible.

vi) The Seller/Insured must immediately notify the Company of any payments it may receive in respect of the approved buyers irrespective of whether the indemnification has been done. Such payments will be applied to reduce the losses that have been included in the annual aggregate deductible and if the amount of the annual aggregate deductible is exceeded, these payments shall be shared between the Insured and the Company, in the proportion in which the Insured Loss is borne by each of them.

vii) In calculating the net debt, any recoveries received from the approved buyer before indemnification, will be allocated to those amounts outstanding from the same approved buyer in chronological order of their due dates or any extensions thereto. Any recoveries received after indemnification will be remitted to the account of the Company to the extent of the claim paid by the Company.

viii) The Company shall not be liable to indemnify the Insured in relation to any approved buyer where the insured loss is lower than or equal to the non qualifying loss as specified in the Schedule to the Policy, effective at the date of the Insured Loss.

ix) the Company shall have full rights of subrogation to all the rights and actions in relation to the principal and the interests of the insured debt and to the security attached to it. The Seller/Insured shall provide to the Company any documents or titles that may be required to exercise this subrogation effectively and shall make any assignments or transfers required in the Company`s favour.

The subrogation will not relieve the Seller/Insured of any obligation to take any such measures as may be deemed necessary to recover the debt and to comply with the Company`s instructions

The Company shall have the right but in no case the obligation, to take over and conduct any recovery procedure in the name of the Seller/Insured, and will have the full discretion in the conduct of any proceedings and in the settlement of any claim and having taken over such

proceedings, may relinquish the same.

x) in the event of a dispute arising in connection with the insured debt, cover is suspended for that portion of the disputed debt, until the dispute is resolved in the Seller/Insured`s favour by arbitration or by a final court decision, binding on both parties and enforceable by law.

xi) the Insured must return a claim payment to the Company if it subsequently appears that the claim has been paid on a disputed debt and if, in the case of insolvency of the buyer, the debt is not subsequently admitted to rank.

xii) the total amount paid by the Company in respect of the claims relating to debts arising from buyer risks in a single insurance period shall not exceed the maximum liability.

**7.2 Recoveries.**

i) Recoveries consist of (but are not limited to) any sums received by or on behalf of the Seller/Insured from the approved buyer or from any other source whatsoever towards the payment of the insured debt including:

- salvage as defined herein 3.29
- any interest received by the Seller/Insured or the Company on late payment
- any credit note that the Insured may raise
- any proceeds of goods that the Seller/Insured could have recovered or kept. The value of the proceeds of the goods recovered or kept is the actual value obtained by the Seller/Insured or 30% of the invoice value, whichever is greater, unless any other percentage has been specified.

ii) all recoveries received by and on behalf of the Insured in respect of any debt of the buyer to the Insured shall be treated as recoveries hereunder regardless of any designations as to the application of funds or source from which such payments are received and shall be applied chronologically against the outstanding insured debt in order of the due date or extended due date where applicable.

iii) if the debt is fully covered, any amount recovered before indemnification, shall be paid to the Insured in full, without deduction of any costs.

iv) if the debt is fully covered, the amount recovered after indemnification shall be to the account of the Company to the extent of the claim paid by the Company.

**7.3 Collection and Legal Costs**

i) If legal proceedings are initiated or third parties are engaged by the Insured for the recovery of an insured loss, after obtaining approval from the Company, expenses resulting therefrom will be shared between the Company and the Insured in proportion to their respective shares in the Insured Loss.

ii) The Insured shall make advance payment of these expenses and the Company`s participation in these expenses shall be taken into account when calculating the Insured Loss.

iii) The collection costs relating to the uncovered part of the debt will after the payment of indemnity be applied in proportion that the indemnity bears to the uncovered part of the debt.

iv) The Company will not contribute to any collection or legal costs which relate to a debt which is disputed.

v) Costs arising in the normal course of the Insured's business, including but not limited to staff and administrative expenses, are not covered and shall be borne in full by the Insured.

## 8. OBSERVANCE OF THE TERMS OF THIS CONTRACT

8.1 The Insured shall pay the premium and other charges set out in the Schedule as well as all stamp duty or similar government charges or taxes, bank collection or transfer charges and debt recovery charges if applicable.

8.2 The Insured shall bear all deductibles set out in the Schedule and amounts in excess of the insured percentage of the loss payable under the Policy for its own account and uninsured.

8.3 The Seller shall secure and take all steps necessary to maintain a legally enforceable Contract of Sale with the approved buyer.

8.4 The Seller/Insured cannot grant longer payment terms to an approved buyer unless agreed by the Company in writing and the Company reserves the right to revise the premium rate applicable to the relevant turnover.

8.5 The Insured shall give immediate notice of any fact/event/circumstance which can materially change the nature of the risk during the duration of the Policy and the Company reserves the right to amend the terms of the Policy in such circumstances.

8.6 The Insured shall declare to the Company, all insurable turnover within the timelines specified in the Schedule to the Policy.

8.7 If the provisional premium gets exhausted through turnover declarations at any time during the Policy period, then fresh premium covering future estimated turnover shall be paid in advance. Cover shall be suspended as and when the premium paid is exhausted through turnover declarations. If at the expiry of the Policy, the insurable turnover falls short of the estimated premium, refund of premium may be allowed for the difference, subject to the Company retaining the minimum retention premium mentioned in the Policy schedule.

8.8 The Insured shall not offset any amount owed to the Insured by the Company or any amount owed by the Insured to the Company unless otherwise agreed by the Company in writing.

8.9 The Insured acknowledges the right of the Company to verify the Insured`s compliance with the obligations mentioned in the Policy and undertakes to facilitate the exercise of this right, in particular by providing all relevant documents / records in the Insured`s possession or control and permitting extracts and copies thereof to be made. The Insured shall also permit and assist the examination of their books of accounts by the Company or its representatives at all times during the validity of the Policy.

8.10 The Insured shall obtain all authorisations and /or licenses to perform the Insured contract and to receive payment thereunder in accordance with the regulations in force and all reasonable measures shall be taken to ensure their validity for the duration of the Policy period.

8.11 The Insured shall do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies or of obtaining relief and indemnity from other parties to which the Company shall be or would become entitled or subrogated upon their paying any loss under the Policy whether such acts and things shall be or become necessary or

required before or after payment is made hereunder by the Company.

8.12 The Insured shall not disclose the existence of the Policy, at any time to any third party other than to the Insured`s own professional, financial and legal advisors, without the prior written consent of the Company.

8.13 The Insured shall observe and comply with all laws and regulations of which it should reasonably have been aware, unless prohibited from so complying by a law, order, decree or regulations in force.

8.14 The Insured shall inform the Company if at any time, when there is a change in the legal status of an approved buyer as defined under paragraph 3.1 of the Policy, under single invoice covers through bill discounting /factoring, only on invoice discounting e-platforms such as TreDs.

## 9. GENERAL CONDITIONS

**9.1 Arbitration**

"The parties to the contract may mutually agree and enter into a separate Arbitration Agreement to settle any and all disputes in relation to this policy. Arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996."

**9.2 Disclaimer**

If the Company shall disclaim liability to the Insured for any claim hereunder, and if the Insured shall not within 12 calendar months from the date of receipt of the notice of such disclaimer notify the Company in writing that the Insured does not accept such disclaimer and initiate legal proceedings to recover the claim, then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

**9.3 Onus of Proof**

In any claim and/or action, suit or proceeding to enforce a claim for loss, the Insured shall bear the burden of proving that the loss is recoverable under the Policy, no condition or warranty has been breached, and that no exclusion applies.

**9.4 Renewal**

The Policy may be renewed by mutual consent every year, and in such event the renewal premium shall be paid to the Company on or before the date of expiry of the Policy or the subsequent renewal thereof. The Company shall allow at its discretion discount in the premium at the time of renewal, for no-claim or low-claim experience, and suitably load the premium for adverse claims experience.

**9.5 Cancellation**

i) The Company or the Insured may at any time cancel this Policy, by sending the other 30 day notice by registered letter at their last known address. The Company shall remain liable for any loss / claim in respect of sales transactions made to approved buyers prior to the date of cancellation.

ii) If the Policy is cancelled by the Insured, and the insurable turnover falls short of the annual estimated turnover, refund of premium shall be made for the difference, subject to the minimum retention as mentioned in the Schedule, of the provisional premium.

iii) If the Policy is cancelled by the Company, and the insurable turnover falls short of the annual estimated turnover, refund of premium shall be made for the difference on pro-rata basis, without the minimum retention clause.

iv) the Policy shall stand cancelled automatically on the insolvency of the Insured, and the Company shall be entitled to retain all premiums paid, and receive and retain all premiums due and payable up to and including the effective date of such insolvency.

**9.6 Interest.**

No sum payable under the Policy shall carry any interest.

**9.7 Notice of Lien.**

The Company shall not be bound to take notice or be affected by any notice of any trust, charge, lien, assignment or other dealings with or relating to this Policy but the receipt of the Insured or his legal representative shall in all cases be an effective discharge to the Company.

**9.8 Jurisdiction**

No claim shall be payable under the Policy unless the cause of action arises in India. It is further agreed and understood that only Indian law shall be applicable to any such action. Any dispute concerning the interpretation of the terms, conditions, limitations and /or exclusions contained herein is understood and agreed to by both the Insured and the Company to be subject to Indian Law. Each party hereby agrees to submit to the jurisdiction of the Courts at Mumbai, and to comply with all the requirements necessary to give such Court the jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of the Courts at Mumbai.

9.9 The Proposal Form, Policy and Schedule shall be read together as the Insurance Contract and any word or expression to which a specific meaning has been attached in any part of the Policy or Schedule, shall bear such specific meaning where ever it may appear.

**9.10 Currency.**

All payments under the Policy shall be made in Indian Rupees only. If the Seller/Insured enters into a transaction in any other currency, then in order to make a declaration of insurable turnover, whole turnover and overdue payments and for all payments to the Insured, including submission of claims and recoveries, the transaction shall be calculated and recorded in Indian Rupees at the Bank buying exchange rate published by Reserve Bank of India on the date of invoice. If no rate is published on the date of invoice, then the rate published on the date following the date of invoice shall be applied.

For arriving at the Insured Loss, any recoveries or payments received against the Insured Loss, in any other currency, shall be converted into Indian Rupees on the date of receipt of such recoveries/payment.

Provided that if devaluation of currency in which buyer has to pay occurs before the claim is paid, the amount of claim in Indian rupees shall be based on the devalued rate.

**9.11 Severability**

i. If any provision of this agreement is invalid, unenforceable or prohibited by law, this agreement shall be considered divisible as to such provision and such provision shall be in operative and the remainder of this agreement shall be valid, binding and of the like effect as though such provision was not included therein.

ii The parties shall make all reasonable endeavours to agree as far as possible that invalid or illegal terms shall be amended

or replaced by valid or legal terms as the case may be, with a similar effect in order to maintain the purpose and continuity of this agreement.

**9.12 Failure to comply with conditions.**

The due observance and performance of each term, warranty, obligation and conditions contained herein or in the proposal and declaration shall be a condition precedent to liability of the Company and to the enforcement thereof by the Insured. Any failure to comply with the conditions shall render the Policy voidable at the option of the Company.

**9.13 Grievances Redressal Mechanism**

If You have a grievance about any matter relating to the Policy, or Our decision on any matter, or the claim, You can address Your grievance as follows:

**Stage 1:**

If you wish to register your grievances directly with us, you may write to us at head.customercare@sbigeneral.in or gro@sbigeneral.in or call our toll free number- 1800 102 1111. After examining the matter, final response would be conveyed within a period of 14 days from the date of receipt of your complaint. In our initial acknowledgement of receipt letter, we will provide the name and title of the person who is handling your Grievance. This person will have the authority necessary to investigate and resolve the Grievance.

Details of our Grievance Redressal Officer is mentioned on our website at https://www.sbigeneral.in/grievance-redressal

Note: The Company shall endeavour to maintain the regulatory TAT of 14 days in resolving your grievances.

Alternatively, you may Register your grievance with the regulator through Bima Bharosa which is a grievance redressal platform provided by the Insurance Regulatory and Development Authority of India (IRDAI). You may access the Bima Bharosa Portal using the following link:

https://bimabharosa.irdai.gov.in/Home/Home

**Stage 2: Escalation to Insurance Ombudsman**

If you feel that the response to your Grievance was unsatisfactory, or if you believe your concerns have not been adequately addressed by the company, you may escalate the matter to the Insurance Ombudsman.

Submit your Grievance online:

https://www.cioins.co.in/Ombudsman